



# NEWS

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**Federal Communications Commission**  
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**Washington, D. C. 20554**

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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## COMMISSION GRANTS INTELSAT APPLICATION TO SERVE THE U.S. MARKET UPON PRIVATIZATION

Washington, DC -- The Commission has authorized INTELSAT to operate in the United States after the 143-member intergovernmental satellite organization successfully privatizes next year. The decision grants INTELSAT full access to the U.S. market to provide satellite services to, from, and within the United States effective upon privatization. This action will facilitate the final transition of the last intergovernmental satellite organization to a private entity, and promote competition in the global satellite market.

INTELSAT was created in 1971 as a result of initiatives undertaken by the United States under the Communications Satellite Act of 1962 and by other countries. INTELSAT owns and operates a global satellite system that transmits much of the world's international telephone, video, data, Internet and other communications. The United States relies on INTELSAT to satisfy much of its commercial and government satellite communications needs. The United States accounts for over 30 percent of INTELSAT's traffic.

INTELSAT is in the final months of a multi-year effort to privatize. The target date for privatization is April 1, 2001. As an intergovernmental organization, INTELSAT is not subject to any national licensing authority. It created Intelsat LLC, a wholly owned Delaware corporation, for the purpose of filing applications with the FCC for licenses to operate its satellites. Upon privatization, INTELSAT would transfer its satellites to Intelsat LLC. It also would transfer 22 associated orbital locations to the U.S. registry under the procedures of the International Telecommunications Union (ITU).

The Commission today authorized Intelsat LLC to: (1) operate 17 existing C-band and Ku-band satellites presently owned and operated by INTELSAT; (2) construct, launch and operate 10 satellites planned by INTELSAT for operation in these bands (nine of which will be under construction by the effective date of the licenses); and (3) relocate certain currently operating satellites to different orbital locations upon launch of planned satellites. The satellites authorized and the associated orbital locations are identified in Attachment A.

In taking its action, the Commission emphasized that, as a U.S. licensee, Intelsat LLC would be able to operate in a manner consistent with the principles upon which INTELSAT has decided to privatize: (1) maintaining global connectivity and coverage; (2) protecting lifeline users and connectivities; and (3) ensuring non-discriminatory access to the system. The Commission pointed out that these principles have been embodied in U.S. satellite policy since 1962 when the Communications Satellite Act was enacted by Congress. INTELSAT's continued commitment to these principles is important to ensure service to countries that rely primarily on INTELSAT for international services. These countries are either developing countries or countries that are served by very few international carriers.

The Commission's action reaffirmed U.S. support for the privatization of INTELSAT, a longstanding policy goal of the United States. Privatization as a means of promoting competition is the stated purpose of the recently enacted "Open-Market Reorganization for the Betterment of International Telecommunications Act" (the ORBIT Act). The ORBIT Act received widespread endorsement in the United States from telecommunications service providers, satellite manufacturers and suppliers of telecommunications and information technology products, and competing satellite operators, as well as satellite operators outside the United States. In its decision, the Commission recognized that privatization of INTELSAT will make it a more effective competitor in the global satellite market and would promote fairer and more robust competition in the satellite services market.

In September, the INTELSAT Board of Governors is expected to consider a comprehensive plan for privatization that includes proposals regarding decisions on licensing jurisdictions. The INTELSAT Assembly of Parties is expected to review and pass upon this plan at a meeting in November.

The Commission noted that the ORBIT Act specifically permits it to act upon Intelsat LLC's application prior to privatization provided that authorization is conditioned upon compliance with provisions in the Act. The FCC decision, therefore, imposes this condition and provides for review of INTELSAT's privatization prior to the effective date of the licenses.

The FCC found that waiver of certain technical rules for INTELSAT's satellites would be in the public interest. The Commission said that special circumstances exist in justifying the waivers and that the underlying objectives of its technical rules would not be undermined. The FCC noted the historical and policy reasons why the design and technical parameters of the INTELSAT system are different from other U.S.-authorized systems. The system was developed largely with the support and participation of the United States as the first large-scale global system of its type. The design of the INTELSAT system predates most or all of the rules for which other countries have requested waivers. The Commission said that it anticipates that Intelsat LLC would transition over time to a system that complies with the technical rules upon which other U.S. licensed systems operate. It found, however, that the retroactive application to INTELSAT of its current technical policies and rules would be cost

prohibitive and would threaten continuous service to U.S. customers. The INTELSAT system has provided service to U.S. customers for many years. The rules and satellites that are the subject of the waiver requests are identified in Attachment B.

The licenses are conditioned on time deadlines for construction, launch and operation of the 10 new satellites proposed by INTELSAT. The Commission stated that such milestone requirements will ensure, on a going-forward basis, that Intelsat LLC will make expeditious use of all orbital locations transferred to the United States upon privatization.

The Commission noted that current INTELSAT orbital locations are registered with the ITU by the United States on behalf of INTELSAT member countries. It distinguished these orbital locations from others registered by the United States at the ITU. The FCC determined that, should it no longer be able to license Intelsat LLC for use of any orbital locations transferred to the United States, it would cancel the registrations with the ITU so that they could be made available to other operators under ITU procedures.

The FCC stated that, in the event INTELSAT selects a jurisdiction other than the United States as its licensing jurisdiction, the Commission would consider, in a separate proceeding, pursuant to applicable U.S. law, INTELSAT's operation in the U.S. market as a non-U.S. licensed satellite system. That proceeding would be initiated upon the filing of appropriate applications under the FCC's 1997 DISCO II decision. The DISCO II decision provides procedures and standards upon which the FCC considers applications of non-U.S. licensed satellite operators to enter the U.S. market consistent with U.S. WTO obligations.

Action by the Commission August 2, 2000, by \_\_\_\_\_ (FCC 00-287). Chairman Kennard, Commissioners Ness, Powell and Tristani with Commissioner Furchtgott-Roth approving in part and dissenting in part and issuing a statement that will be released with the

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